



Morning Alert - Monday, July 2, 2018

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HEADLINES

Morning news

NHK and Fuji TV gave top play to reports on approaching Typhoon Prapiroon, saying that Okinawa is already in the storm zone. TV Asahi gave top play to a report on concerns about a water shortage in Japan because this year's rainy season was the shortest ever. TBS led with a preview of Japan's match against Belgium at FIFA World Cup scheduled to kick off at 3:00 a.m. Japan time on Tuesday. NTV led with a report that figure skater Daisuke Takahashi announced on Sunday that he will return to competitive figure skating.

Major front-page items in national dailies included a report on the finding that numerous concrete walls at schools throughout Japan are extremely vulnerable to earthquakes, a consensus forged in Tokyo yesterday among the trade ministers of the Regional Comprehensive Economic Partnership to reach a trade deal this year, and the discovery by the Ministry of Internal Affairs and Communications that the Internet-related equipment used by local governments, utilities, and commercial firms is inadequate to protect social infrastructure from cyberattacks.

INTERNATIONAL

Senior DOS official to step down

Today's Asahi and Mainichi reported on an announcement made by the State Department on Sunday that Acting Assistant Secretary for East Asia Thornton is expected to retire in late July.

Secretary Pompeo reportedly planning to visit Japan

All national dailies on Saturday morning claimed that coordination is underway for Secretary of State Pompeo to visit Japan in early July following his purported trip to North Korea for denuclearization.

talks. The Secretary, who will be making his first trip to Japan since taking up his post, is expected to meet with Foreign Minister Kono and Prime Minister Abe.

U.S.-DPRK denuclearization talks allegedly running into difficulties

Saturday morning's Nikkei reported on Secretary of State Pompeo's purported trip to Pyongyang in early July. The national daily opined that the Secretary's third trip to the DPRK signals that Washington is making concessions to the Kim regime. While the Secretary appears to be confident about achieving the complete denuclearization of North Korea, the paper added that progress in the denuclearization talks may be a slow process. The daily claimed that although Secretary Pompeo has reportedly expressed a negative view on establishing a timetable for denuclearization, many USG officials have come to believe that setting a deadline is indispensable for achieving denuclearization swiftly.

Meanwhile, all national dailies reported over the weekend on an NBC story regarding alleged efforts by North Korea to increase its production of weapons-grade plutonium despite the denuclearization commitment made by Kim Jong Un to President Trump in Singapore last month. The American broadcaster, which cited several USG sources, asserted that Pyongyang may be trying to deceive Washington. Sunday's Yomiuri wrote that Secretary Pompeo is likely to raise the allegation during his purported visit to the DPRK capital later this week in a bid to press North Korea to provide a full accounting of its nuclear development programs.

Meanwhile, today's Yomiuri and Sankei took up remarks made on a Sunday TV program by National Security Advisor Bolton, who stressed that North Korea's nuclear arsenal could be dismantled in a year if Pyongyang cooperates. Commenting on reports on North Korea's clandestine efforts to continue nuclear development, the senior White House official said: "We've seen how the North Koreans have behaved before. The President is not going to make the mistakes of prior administrations."

U.S., Japan affirm enhanced coordination to press for North Korea's denuclearization

All Saturday morning papers reported on Friday's meeting between Prime Minister Abe and Secretary of Defense Mattis at the Kantei, during which the two officials agreed that North Korea needs to take concrete steps to fulfill its pledge to denuclearize. They also confirmed their commitment to strengthen bilateral missile defense cooperation. In response to the premier's remarks that the U.S.-Japan alliance is the cornerstone for regional peace, stability, and prosperity and that the two nations should cooperate closely to achieve a free and open Indo-Pacific, the Secretary said: "The United States stands with Japan in achieving the denuclearization of North Korea."

Yomiuri wrote that the Secretary's trip was intended to call attention to what Secretary Mattis called the "ironclad" alliance between the U.S. and Japan at a time when concern is growing in East Asia about U.S. deterrence following President Trump's decision to cancel joint exercises with South Korea. While noting that the Secretary demonstrated to the Japanese side a deep understanding of the abduction issue, the daily said GOJ officials have strong confidence in the Secretary but that they are concerned that U.S. deterrence in the region may weaken if his influence within the Trump administration wanes.

Sankei wrote that Secretary Mattis and Defense Minister Onodera demonstrated a hardline approach toward China's maritime advancement in the South and East China Seas in their bilateral meeting on Friday, noting that the DOD leader reaffirmed that the Senkakus fall under the scope of the U.S.-Japan Security Treaty. The article stressed that the two ministers issued a clear message that the two allies do not condone Beijing's unilateral attempts to alter the status quo by force.

Japan to propose use of IAEA contributions for inspecting DPRK nuclear facilities

Sunday's Mainichi front-paged a report predicting that when visiting Vienna beginning on Wednesday, Foreign Minister Kono will hold talks with senior IAEA officials and propose using Japan's financial contributions worth 350 million yen to the nuclear watchdog's "nonproliferation fund" for its verification of North Korea's denuclearization steps. Kono also plans to convey Tokyo's readiness to dispatch Japanese nuclear engineers to support the IAEA's verification operations in the DPRK.

Japan concerned about China's installation of new drilling rig in East China Sea

Saturday morning's Yomiuri wrote that the GOJ is displeased with China's recent installation of an additional drilling platform for gas field development near the median line between the two nations in the East China Sea. This has dumped cold water on growing moves by the two countries to improve mutual ties, including Chinese Premier Li's trip to Japan in May for the first time in seven years. The daily said some GOJ officials are worried that Beijing may try to actively pursue its maritime interests in the area regardless of the emerging thaw in bilateral relations.

Japan opens mission at NATO headquarters

Yomiuri wrote that the GOJ opened a permanent diplomatic mission at the NATO headquarters in Brussels on Sunday with the goal of enhancing cooperation with the Europeans on anti-piracy operations and cyber defense.

ECONOMY

Japan voices opposition to U.S. plan to raise tariffs on vehicles

All Saturday morning papers reported that the GOJ submitted to the USG a comment on its idea on raising tariffs on auto imports, noting that the GOJ expressed deep concern about the proposed

tariffs on the grounds that they would undermine the foundation of the U.S. auto industry and have considerable adverse effects on the global economy and the free trade system. The GOJ also reportedly emphasized that Japan's trade ties with the U.S. have contributed greatly to the U.S. economy and never posed a threat to U.S. national security. The papers asserted that Japanese industrial associations, foreign governments, and even U.S. business lobbies have conveyed to the Commerce Department their opposition to and apprehension about the proposed tariffs.

In a related development, Sunday's Asahi took up remarks made to the press on Friday by President Trump, who indicated that the Commerce Department will probably conclude within three to four weeks its ongoing probe on whether or not to apply additional tariffs to imported vehicles. The daily speculated that the President may be inclined to impose higher tariffs with the November midterm elections in mind, projecting that if they are implemented, Japanese and European automakers will be hit hard.

Nikkei and Mainichi ran similar stories, noting that as China, Canada, and four other nations, as well as the EU, have already announced their plans to raise tariffs on American imports in response to the U.S. metal tariffs, global commerce is, in their opinion, on the verge of a trade war. Mainichi highlighted remarks made by a senior BOJ official, who said that a trade war is becoming a "real threat" that may trigger a contraction of the global economy.

CPTPP likely to be effectuated this year

All Saturday morning papers highlighted the enactment at the Diet on Friday of a package of legislation aimed at acceding to the CPTPP, predicting that the regional free trade pact will take effect later this year as more countries are expected to follow Japan's lead in completing their domestic procedures. The GOJ reportedly views the TPP-11 as a "bulwark" against the Trump administration's protectionist orientation. The Abe administration is reportedly set to dismiss U.S. demands for agricultural and auto liberalization in the planned talks for a "free, fair, and reciprocal" trade deal by arguing that it cannot make concessions beyond the terms set forth in the TPP-11.

Nikkei said the GOJ is anxious to expand the CPTPP to bring the U.S. back into the fold, adding that the chief negotiators of the CPTPP members will assemble in Japan on July 17-19 to confirm their commitment to early effectuation and invite other countries, such as Thailand and Indonesia, to join. Pointing out that Japan also plans to promote the Regional Comprehensive Economic Partnership (RCEP), Asahi said Tokyo is trying to put pressure on the U.S. to return to the TPP framework by shutting U.S. products out of the Asian market.

RCEP members pledge to expedite free trade talks

All national papers reported extensively this morning on the ministerial meeting of the ASEAN-led Regional Comprehensive Economic Partnership (RCEP) that was held in Tokyo yesterday, during which the assembled officials agreed to accelerate negotiations for reaching a basic deal at an

envisaged leaders' summit in November. They adopted a joint statement pledging concentrated efforts to "achieve a package of outcomes by the year-end." In his remarks at the meeting, Prime Minister Abe called for the creation of a "free and fair market based on rules."

Noting that the joint statement voiced strong concern about the "global trade system facing serious risks," the papers speculated that this reference was made with the Trump administration's protectionism in mind. While explaining that RCEP is much larger in scope than the CPTP as it covers nearly 30% of the global economy due in part to the presence of China and India, the dailies underscored that there are still large gaps between some of the members over the scope and level of trade liberalization in such fields as e-commerce, state-owned enterprises, and intellectual property. Nikkei argued that in order to induce America to join multilateral trade frameworks, RCEP must achieve a high level of liberalization.

SECURITY

U.S., Japan agree to pay compensation to murder victim in Okinawa

The Saturday editions of all national papers reported on the announcement made by Defense Minister Onodera on Friday that he and Secretary of Defense Mattis agreed that compensation will be paid to the family of an Okinawa woman who was murdered by a U.S. employee at Kadena AB in 2016. The USG will reportedly make the payment on a "voluntary and humanitarian" basis instead of based on the SOFA. The GOJ is also expected to offer the family a "condolence payment" that combined with the USG contribution will be equivalent to the amount of compensation that the perpetrator was ordered by the Okinawa court to pay in a civil suit.

Japan lowers alert level against DPRK missiles

Sunday's Asahi led with the disclosure by several GOJ sources that the GOJ has relaxed its vigilance against North Korea's ballistic missiles, noting that the SDF's alert level was lowered on June 29. The Defense Ministry decided to discontinue the around-the-clock deployment of Aegis warships equipped with SM-3 interceptors in the Sea of Japan in preparation for possible launches. The missile defense platforms are now on standby for deployment within 24 hours. While the alert level was lowered in response to the rapid rapprochement between the U.S. and the DPRK, the missile destroy order for the SDF that was issued by the defense minister about two years ago will reportedly remain in place. Although the ground-based PAC-3s will remain deployed in their current locations, ASDF personnel will not have to work around the clock to operate the batteries. Other papers ran similar stories today.

SDF to install supply depot in Okinawa to counter Chinese attacks on remote isles

Sunday's Sankei gave top play to the Defense Ministry's plan to set up a supply depot at a GSDF camp near White Beach Naval Facility in central Okinawa in preparation for the possibility of Chinese aggression on remote islands in the East China Sea. The envisaged logistical support

facility will store guns, ammunition, military vehicles, fuel, and communications equipment, and is expected to enable the GSDF to deal with a possible contingency on the Nansei Islands more efficiently and effectively. This morning the paper reported that MOD is mulling the procurement of transport ships such as “landing ship tanks” for the GSDF to sealift supplies and personnel between military facilities in the Nansei Islands.

Suga calls for understanding for Aegis Ashore deployment in Akita

The Monday editions of all national papers highlighted a speech delivered in Akita on Sunday by Chief Cabinet Secretary Suga in which he urged residents to support the planned deployment of an Aegis Ashore battery at a local SDF facility. The government spokesman was quoted as saying: “Hundreds of missiles deployed by North Korea are aimed at Japan. We have instructed the Defense Ministry strongly to handle the deployment initiative in good faith in order to obtain local understanding at all costs.”

Japan to support foreign troops engaged in UN operations

Today’s Nikkei wrote that the GOJ is set to expand Japan’s technical and other assistance for troops from Africa and Southeast Asia who are engaged in UN peacekeeping operations around the world. In addition to providing Vietnamese and Thai troops with training on operating heavy equipment for road construction and other engineering work, the GSDF reportedly plans to send a health unit to Uganda to teach local personnel how to deal with combat casualties and other emergencies. The daily said the enhanced assistance is meant to counter China’s growing presence in UN peacekeeping missions.

